

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	No.
v.	)	
	)	Violations: Title 18, United States Code,
JOSEPH HENNESSY	)	Section 1343
	)	
	)	

**COUNT ONE**

The SPECIAL MARCH 2013 GRAND JURY charges:

1. At times material to this indictment:
  - a. JOSEPH HENNESSY was co-owner and co-operator of Resource Planning Group Inc., a privately held-Indiana corporation with its headquarters in Chicago, Illinois.
  - b. Resource Planning Group, Inc. was a registered investment adviser with the United States Securities and Exchange Commission, and it was in the business of providing investment advice and investing funds of its clients, including funds maintained in clients' Individual Retirement Accounts.
  - c. Investment advisers owed their customers a fiduciary duty to act in good faith, to fully disclose all materials, to disclose conflicts of interest between the advisers and their customers, and to use reasonable care to avoid misleading their customers. Resource Planning Group, as a registered investment adviser, owed a fiduciary duty to its clients. HENNESSY, as a person associated with an investment adviser, also owed a fiduciary duty to Resource Planning Group's clients.
  - d. HENNESSY and Resource Planning Group, Inc. formed and operated the Midwest Opportunity Fund (MOF), which was a private equity fund that targeted for purchase and

investment small to medium-sized companies based in the Midwest.

e. HENNESSY solicited his clients to invest in MOF through the offer and sale of a direct investment interest in MOF, and through promissory notes with a designated rate of return and a maturity date.

2. Beginning in or about January 2007, and continuing until in or about December 2012, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH HENNESSY,

defendant herein, devised, intended to devise, and participated in a scheme to defraud, and to obtain money and property, by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, which scheme is further described below.

3. It was part of the scheme that defendant HENNESSY, in offering and selling investments to investors, made false statements and representations to investors, and operated a Ponzi scheme. That is, defendant used funds raised through the offer and sale of investments to new investors to return principal and pay interest payments to existing investors, all of which defendant concealed and intentionally failed to disclose to both new and existing investors. In addition, in fraudulently obtaining and retaining these funds, defendant HENNESSY falsely represented the use of invested funds, the repayment of the investors' principal, the expected return on investments, the risks involved in the investment, and the status of the investments. Through this scheme, defendant fraudulently obtained over \$2.9 million from at least ten investors.

4. It was further part of the scheme that defendant HENNESSY falsely represented to investors that an investment through a MOF promissory note would yield between 10% and 15%

in returns per year, when defendant knew that MOF was not generating sufficient revenue to fund these returns.

5. It was further part of the scheme that defendant HENNESSY falsely represented to investors that an investment through a MOF promissory note had a maturity date in approximately two to six months, and would result in a return of the investors' principal with interest, when defendant knew that he could not meet the promised maturity date for payment of principal and interest because he was in default on other previously-issued promissory notes, and that he was using new investor funds to pay existing investors.

6. It was further part of the scheme that defendant HENNESSY falsely represented to investors that their funds invested through a MOF promissory note would be invested in the MOF portfolio companies, when defendant knew that he would not invest investors' funds in these companies, but use their funds to repay existing investors.

7. It was further part of the scheme that defendant HENNESSY falsely represented to investors that their funds invested through a MOF promissory note were personally guaranteed by defendant, when defendant knew that he did not have sufficient assets to personally guarantee repayment to the investors.

8. It was further part of the scheme that defendant HENNESSY, to cause investors not to withdraw their investments, took steps fraudulently to lull investors into believing their investments were doing well by falsely representing to investors that their investments in MOF were successful, and that the investors would receive back their principal investments with interest.

9. It was further part of the scheme that defendant HENNESSY, to cause investors not

to withdraw their investment, fraudulently lulled complaining investors into extending the maturity date on their MOF promissory notes, when defendant knew MOF did not have sufficient funds to repay the investors' principal or make interest payments, except through the use of Ponzi payments.

10. It was further part of the scheme that defendant HENNESSY concealed the risk involved in the MOF investment by not disclosing to investors that MOF did not have sufficient revenue to return the investors' principal and make interest payments, and that defendant could not return their funds upon maturity of the promissory notes, was not investing their funds into the MOF portfolio companies, and was using their funds to repay existing investors.

11. It was further part of the scheme that defendant HENNESSY also misappropriated funds from the Individual Retirement Accounts of certain clients, who were not invested in MOF, and used those funds to pay existing MOF investors, and to pay other Resource Planning Group debt.

12. It was further part of the scheme that defendant HENNESSY did misrepresent, conceal, and hide, and caused to be misrepresented, concealed, and hidden, acts done in furtherance of the scheme and the purpose of those acts.

13. On or about May 1, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH HENNESSY,

defendant herein, for the purpose of executing the scheme to defraud, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer from Victim A's bank account, through the Federal Reserve System in New Jersey, to the MOF bank account, in the amount of approximately \$55,000, which funds represented Victim A's investment in a MOF promissory note;

In violation of Title 18, United States Code, Section 1343.

## **COUNT TWO**

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about May 1, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH HENNESSY,

defendant herein, for the purpose of executing the scheme to defraud, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer from Victim A's bank account, through the Federal Reserve System in New Jersey, to the MOF bank account in the amount of approximately \$105,000, which funds represented Victim A's investment in a MOF promissory note;

In violation of Title 18, United States Code, Section 1343.

### **COUNT THREE**

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about May 1, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH HENNESSY,

defendant herein, for the purpose of executing the scheme to defraud, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer from the MOF bank account, through the Federal Reserve System in New Jersey, to Victim B's account in the amount of approximately \$158,914.04, which funds represented a payment on Victim B's MOF promissory note using funds from Victim A;

In violation of Title 18, United States Code, Section 1343.

#### **COUNT FOUR**

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about May 1, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH HENNESSY,

defendant herein, for the purpose of executing the scheme to defraud, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer from Victim C's bank account, through the Federal Reserve System in New Jersey, to Victim B's bank account in the amount of approximately \$100,000, which funds represented a payment on Victim B's MOF promissory note using funds from Victim C;

In violation of Title 18, United States Code, Section 1343.

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### **COUNT FIVE**

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about May 27, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH HENNESSY,

defendant herein, for the purpose of executing the scheme to defraud, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer from Victim D's bank account, through the Federal Reserve System in New Jersey, to the MOF bank account in the amount of approximately \$50,000, which funds represented Victim D's investment in a MOF promissory note;

In violation of Title 18, United States Code, Section 1343.

## **COUNT SIX**

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about June 8, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH HENNESSY,

defendant herein, for the purpose of executing the scheme to defraud, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer from Victim D's bank account, through the Federal Reserve System in New Jersey, to the MOF bank account in the amount of approximately \$50,000, which funds represented Victim D's investment in a MOF promissory note;

In violation of Title 18, United States Code, Section 1343.

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### **COUNT SEVEN**

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about June 15, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

JOSEPH HENNESSY,

defendant herein, for the purpose of executing the scheme to defraud, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer from the MOF bank account, through the Federal Reserve System in New Jersey, to Victim B's bank account in the amount of approximately \$100,010, which funds represented a payment on Victim B's MOF promissory note using funds from Victim D;

In violation of Title 18, United States Code, Section 1343.

## **FORFEITURE ALLEGATION**

The SPECIAL MARCH 2013 GRAND JURY further alleges:

1. The allegations of Counts One through Seven are incorporated here for the purpose of alleging forfeiture to the United States pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

2. As a result of the violations as alleged in Counts One through Seven of the foregoing indictment,

JOSEPH HENNESSY,

defendant herein, shall forfeit to the United States any and all right, title, and interest he may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the offenses charged in Counts One through Seven.

3. The interests of defendants subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) as incorporated by Title 28, United States Code, Section 2461(c), include but are not limited to at least \$2,900,000.

4. If any of the forfeitable property described above, as a result of any act or omission by defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property pursuant to the

provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c);

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

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FOREPERSON

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UNITED STATES ATTORNEY